

National Aeronautics and Space Administration
Office of the Administrator
Washington, DC 20546-0001



February 8, 2013

TO: Officials in Charge of Headquarters Offices
Directors, NASA Centers

FROM: Administrator

SUBJECT: Reducing Transaction Costs in NASA Procurements

The NASA Office of Procurement recently issued the attached memo to NASA Center Procurement Offices emphasizing the importance of reducing procurement transaction costs through efficient contracting practices. In excess of 80 percent of NASA's budget goes through the procurement process. With a constrained budget and a challenging mission to perform, this initiative must be an Agency priority. We need your leadership and support to ensure we make every dollar count.

I endorse this initiative and ask that each of you work with the Office of Procurement and Center Procurement Offices to identify and implement opportunities to be more efficient at acquiring the products and services we need to perform our mission.

By April 1, 2013, I also request that each Center Procurement Office provide the Office of Procurement any identified contracting practice efficiencies or policy or process recommendations that will reduce procurement transaction costs. Headquarters Officials in Charge may also provide their own recommendations to the Office of Procurement regarding this initiative.

Provide your responses and address any questions to Mr. Ron Poussard at 202-358-0445.

A handwritten signature in black ink, appearing to read "C. Bolden, Jr." with a stylized flourish.

Charles F. Bolden, Jr.

Enclosure

*As Bill says in his
memo - "THESE ARE CHANGING
AREAS TO CHANGE ... " BUT I'm
CONFIDENT WE CAN MAKE CHANGES
NEEDED IF YOU'VE PROVIDE
YOUR STRONGEST PERSONAL
SUPPORT.*

National Aeronautics and Space Administration
Headquarters
Washington, DC 20546-0001



November 13, 2012

Reply to Attn of:

TO: NASA Center Procurement Officers

FROM: Assistant Administrator for Procurement

SUBJECT: Reducing Transaction Costs in NASA Procurements

As we continue to face challenges in meeting NASA's mission with constrained budgets and shortages in personnel it is important and necessary that we aggressively pursue efficiencies throughout the lifecycle of the procurement process. Our ability to identify and implement opportunities to reduce costs during acquisition planning, pre-award and post-award activities can have a direct and positive benefit to NASA ensuring the efficient use of NASA and industry resources to meet mission needs.

As you know we have already begun identifying ways to strengthen our ability to negotiate contract costs through our Cost/Price Analysis Improvement Project. We have also strengthened training on conducting effective technical evaluations in support of negotiation processes. But there are many other opportunities.

An area where inefficiencies can drive higher costs is the use of full tradeoff source selections where simpler procedures can achieve the same result with fewer resources. Overly complex source selection evaluation criteria can cause Source Evaluation Boards to spend far too much time evaluating areas that are not meaningful discriminators between proposals. These situations also drive higher company bid and proposal costs when responding to NASA solicitations further increasing government costs. Other inefficiencies include the use of single award task order contracts that require multiple task order solicitations and proposals instead of using a core statement of work; the use of award fee provisions that require significant administration and may not effectively provide incentives for contractors to be efficient; incremental funding actions and subsequent de-obligation actions that consume resources and preclude taking advantage of the efficiencies inherent in fully funded or phased contracts; individual commodity or license purchases that can be more efficiently acquired through a more strategic approach to market research and procurement; and finally, information technology tools and applications that drive inefficient processes rather than facilitate efficiency.

These are only a handful of opportunities we need to explore. I realize that these are challenging areas to change, but the fact that the underlying processes drive up costs to the

Government is undisputed. In many cases the return on our investment may never be clearly understood or realized. However, with over 80% of NASA's annual budget dependent on the procurement process, we must make every effort to ensure NASA can do more with the resources it has while maintaining the integrity of the procurement process and ensuring sound stewardship of the taxpayer's dollar. To that end, I ask that you work with your Center procurement, mission and other functional personnel to identify procurement efficiencies like those mentioned above. I expect you will implement initiatives within your authority and let us know of any regulatory or statutory obstacles that need to be addressed.

Please work with Ron Poussard and the HQ Office of Procurement Contract Management Division staff as you identify initiatives and obstacles. We will compile initiatives, assist with implementation as needed and address required policy and process changes.

Thank you for your Center's continued hard work and dedication meeting NASA's mission with efficient and effective contracting.



William P. McNally